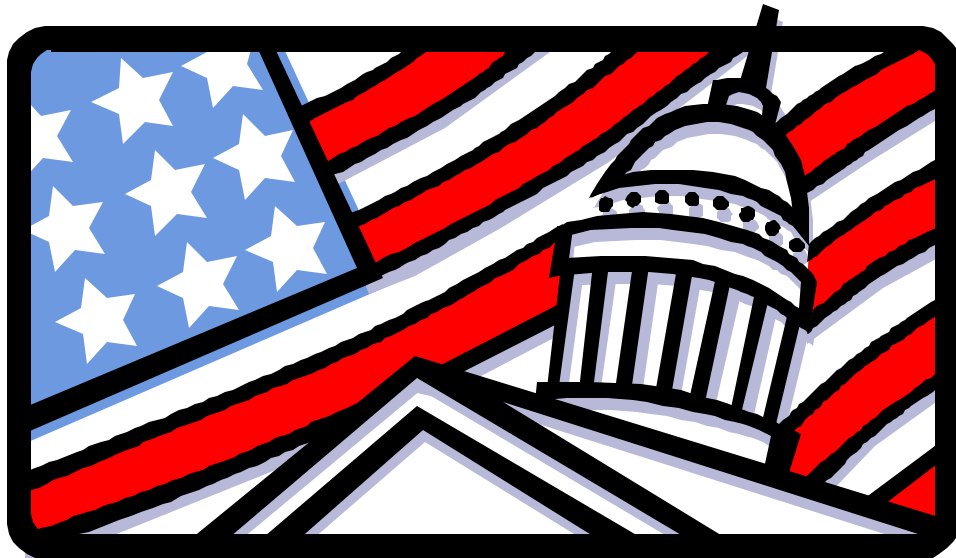


How To Fill Out The FY 2003 ANNUAL FINANCIAL REPORT (AFR)

And

Frequently Asked Questions



Multi-Purpose Form
Long or Short

MUNICIPALITIES, COUNTIES AND TOWNSHIPS

The following instructions will assist local governments filling out the long or short Multi-Purpose Form. Some of the questions and answers may not be applicable if you are using a Special Purpose form.

The Multi-Purpose Form is for municipalities, counties, and townships, however any government can use this form.

INTRODUCTION

This document provides instructions to complete the Annual Financial Report (AFR) for FY 2003. There are six formats available to complete the AFR. Following is a description of forms available for FY 2003 reporting. Please be sure you are using the correct form and instructions.

- **INTERNET FILING – THIS IS THE EASIEST, MOST EFFICIENT, AND CUSTOMIZED WAY TO FILE AN AFR. ALL GOVERNMENTS CAN USE INTERNET FILING.** If you do not have a computer, but would like to use Comptroller Connect Internet Filing, please call our office at 877/304-3899. We will assist you in obtaining access to a computer.

ALL FORMATS ARE AVAILABLE THROUGH THE INTERNET APPLICATION

- **MULTI-PURPOSE LONG FORM** - Municipalities, Counties and Townships that utilize funds in addition to general or special revenue funds or have assets should use this form.
- **MULTI-PURPOSE SHORT FORM** - Municipalities, Counties and Townships that only have general and special revenue funds, and operate on a cash basis, and have no assets can use this form.
- **SPECIAL PURPOSE LONG FORM** - Special Purpose governments that utilize funds in addition to general or special revenue funds or have assets should use this form.
- **SPECIAL PURPOSE SHORT FORM** - Special Purpose governments that only have general and special revenue funds, and operate on a cash basis, and have no assets can use this form.
- **SPECIAL PURPOSE ABBREVIATED FORM** – Special Purpose governments that operate on a cash basis, have no assets, and collected less than \$100,000 can use this form.

REGISTRATION – STEPS 1 - 11

PLEASE MAKE SURE THAT YOU SIGN AND DATE PAGE ONE OF THE AFR.

IT IS ABSOLUTELY NECESSARY FOR YOU TO SIGN THIS AFR!!

Steps 1 – 11 constitute the collection of registration information and must be completed by all governments. Most of the information is pre-printed from previous years information. If any of the pre-printed information is incorrect cross it out and make the appropriate changes on the document.

STEP 1: Contact Person

Please verify that the information in the “Contact Person”, “CEO”, and “CFO” box is correct. The contact person should be the local government official responsible for filling out the AFR.

The CEO is the Chief Executive Official or person responsible for the executive administration of the government. The Chief Executive Official is traditionally elected, however this person can be appointed. Examples include mayors, supervisors, presidents, or chairmen.

The CFO is the Chief Financial Official or the person responsible for maintaining financial records for the government. The Chief Financial Official is traditionally elected, however this person can be appointed. Most Chief Financial Officials are treasurers, but other examples include clerks, vice presidents, or managers.

STEP 2: Fiscal Year End Date

Verify the fiscal year end date. If the date is incorrect, indicate the correct date and include a copy of the resolution (legal documentation) formally changing the fiscal year end date along with the AFR.

STEP 3: Accounting Method, Debt, Utility, Home Rule and TIF

A. Accounting System: If your government has an audit, the method of accounting will be detailed in the first note of the *Financial Notes* section. There are four methods of accounting to choose from: *Cash – with assets; Cash - with no assets; Modified Accrual; or Combination*. If your government does not use an accounting method (or you are not sure) it can be presumed that your government utilizes the "cash method".

✓ **NOTE:** If you are using the cash method of accounting without assets, you may use the short form. The short form will eliminate several rows or codes of spending categories that small governments never use.

If your government does not have an audit, consider the following in determining what accounting method you use.

- **Cash – with no assets**

If your government maintains its books using the same method used to balance a checkbook and there are no ongoing records or systems used to document day to day debts or anticipated revenue, your government is using the cash method resulting in no assets.

- **Cash—with assets**

If your government maintains day-to-day records of outstanding revenue owed, day-to-day records of owed debts or future debts, and the fund balance includes these assets (outstanding revenue) and liabilities (debts), then your government uses the cash method with assets.

If your government has fixed assets that you would like to record, you should select Cash with assets, Combination, or Modified Accrual.

Many governments, especially small special purpose governments, use the cash method, with no transactions resulting in assets (Cash – with no assets) and should file the Short Form.

Modified Accrual is a more complex accounting method that would be impossible to use without knowing you are using that system.

B. Debt Reporting: If the government has any debt it must be indicated in this section. If you check yes, you will also need to record funds in the **Debt (Code 259)** section, and in the Statement of Indebtedness section (**Code 401 through Code 423**).

C. Type of Debt: There are five specific types of debt: G.O. Bonds, Revenue Bonds, Alternate Revenue Bonds, Contractual Commitments, and Other. Each government incurring or retiring debt in this reporting year should have one of the above-mentioned types. For further definition of the five debt types, refer to the *Chart of Accounts and Definitions*. Loans from a bank should be indicated in the Contractual Commitments sub-account. If your government reported debt in FY 2002, pre-printed data may be provided on your report.

D. Public Utility Company: If the reporting government owns and operates a utility company, please indicate yes. If your government owns and operates a utility company, provide financial data regarding the revenue collected from the utility company. It is recommended that the revenue be recorded as **Charges for Services (Code 234)** and the expenditures as **Utilities (Code 271)**.

E. Home Rule Unit: Under Section 6 of the Illinois Constitution, a municipal government with a population over 25,000 is a home rule government, unless the unit has a referendum electing not to be a home rule unit. Municipal governments with a population under 25,000 can also elect to become home rule units of government.

Home rule units of government have special powers granted to them under the constitution.

F. Tax Increment Finance: Answer yes to this question if a Tax Increment Finance district has been established under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11 – 74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11 – 74.6-10 et. seq.]. Your government should also file annual TIF Reports with the Office of the Comptroller. For more information, contact the Local Government Assistance Hotline at 877/304-3899.

STEP 4: Population, EAV, Employees, and Salaries

Estimated Population - All governments **MUST provide population or estimated population.** Municipalities and counties can obtain population information from the Illinois Department of Revenue (IDOR) or the U.S. Census Bureau. Townships can get population information from the Township Officials of Illinois. If you do not know the population and cannot get it from any of these sources, please provide an estimated population.

Equalized Assessed Valuation (EAV) - You can obtain this information from your County Assessor or the Illinois Department of Revenue. If you do not have property tax, the county assessor may not have this information. If you do not know your EAV and do not collect property tax, it is acceptable to put N/A (or zero for Internet filers) in that field.

Numbers of Employees - Employees are individuals, for whom your government provides Internal Revenue Service (W-2) forms, including elected officials. Do not record voluntary help or persons paid on contract. If you have employees recorded on this section, you must provide the salary for those employees in the next question.

Salaries - This includes salaries and wages paid to employees of your government. **If you have employees listed in the above question (either full-time or part-time), you must include their wages and/or salaries in this space.** Do not include amounts paid for contracted services.

STEP 5 & 6: Component Units/Appropriation

✓ **NOTE:** If your government reports financial data for its component unit(s), without correctly filling Steps 5 & 6 out, the component unit may be considered delinquent. Please carefully read these instructions and report the financial data for blended component units in the appropriate fund columns.

Provide information regarding the primary government and component unit information including appropriation & fiscal year end. Data in the following areas should be recorded:

- **NAME OF UNIT/COMPONENT:** The first row should contain the name of the primary government. Each succeeding row should provide the name of a component unit

that is part of the primary government. Examples include Road and Bridge District, Library District, Cemetery District, etc.

- **APPROPRIATION:** In the second column of the first row list the appropriation or budget amount for the primary government. Subsequent rows should provide the appropriations or budget amounts for the corresponding component unit.

Some component units may be pre-printed on your form. All pre-printed data was submitted on the previous year AFR. If that information is not correct, please cross it out and make the appropriate changes on the form. If component units are missing, please add them. If you need more space, you may submit attachments.

✓ **NOTE:** State law requires your unit's legislative body to provide a budget or appropriation in order for your local government to spend funds. An appropriation is usually in the form of a budget ordinance. State statutes further require that expenditures do not exceed appropriations. Please make sure the Total Appropriations are greater than **Total Expenditures/Expense (Code 270)**. If you do not have an appropriation, then you should provide your expenditure amount and an explanation. Levies are not legal appropriations or budgets and therefore should not be included.

- **TYPE OF COMPONENT UNIT:** Indicate if the component unit is a blended or a discretely presented component unit. If the component unit is blended, the financial data should be presented in a blended format by combining all component unit funds with the primary government funds. Component unit general funds should be presented in the Special Revenue column of the AFR. If the component unit is discretely presented, include all financial data for the component unit in the Discretely Presented Component Unit column throughout the rest of the form.

All road and bridge districts are blended component units.

- **FISCAL YEAR END:** The fourth column should include the fiscal year end for the primary government and component units. Most component units have the same fiscal year end as the primary government. However, if the fiscal year end is different list it as such.

ENTERPRISE OR GOVERNMENTAL FUND TYPE: In the last column, indicate if your component unit is funded with Governmental Fund types, which consist of General, Special Revenue, Capital Projects, or Debt Service Funds or if it is funded with Enterprise Funds which include Enterprise, Internal Service, or Fiduciary Funds.

If you need more information about primary governments or component units after reviewing the *Chart of Account and Definitions*, you can review the Governmental Accounting Standards Board (GASB) Statement No. 14 for more information. You can contact GASB by calling (203)847-0700 or by logging on to <http://www.accounting.rutgers.edu/>.

WHAT IS THE DIFFERENCE?

Between a Fund and Component Unit

Local officials often ask the question “What is the difference between a fund and a component unit?” Let’s shed some light on this question.

A **component unit** is a legally separate unit of government that reports its finances with the primary unit of government.

A **fund** is not a governmental unit. Funds are created through an ordinance or legislation crafted by the primary or state government. Special funds often restrict what monies can pay for services and it prohibits the movement of monies from one fund to another without the approval of the board of the unit of government.

STEP 7: Audits

Provide the name of each auditor or auditing firm and their state registration number. If this information is incorrect, provide your current auditor’s name and registration number. If the space is blank and you have an auditor, provide the name of the auditor and the appropriate information.

STEP 8: Other Governments

Record payments made by the local government to federal, state, or other local governments. This does not include state retirement or social security payments. Do not include federal government payroll taxes. If no payments are made to other governments, enter zero in all boxes. Indicate all payments for intergovernmental agreements.

STEP 9: Fund Listing & Account Groups

You must list all legally established funds, how much was spent from each fund, what fund type each fund is, and the fiscal year end date of each fund.

A. Provide the following information on the funds table:

- **FUND NAME:** List all legally restricted funds. Do not record separate bank accounts or levies that do not have legally defined funds. Separate accounts based on separate levies often make up one fund. Some governments have separate accounts for social security, insurance, and/or pensions. However, these accounts are all part of the general fund. Unless your government has passed legislation (or created in its charter) regarding special funds, all accounts are general funds.
- **EXPENDITURES:** Indicate total amount of money spent per fund in the reporting fiscal year. Expenditures listed in this section should equal expenditures listed in the Expenditures/Expense section of the AFR in **Total Expenditures/Expense (Code 270)**. If the expenditures listed in this question substantially deviates from the expenditures listed in **Total Expenditures/Expense (Code 270)**, please provide an explanation.
- **FUND TYPE:** The AFR provides for eight different fund types (general, special revenue, capital projects, debt service, enterprise, internal service, fiduciary, and discretely presented component units), which are listed as column headings. Each local government fund should be accounted for in one of these funds types.

- Each government will have at least one general fund. The smaller the government, the fewer fund types a government should have.
- All townships having road and bridge districts should include the general fund for the Road and Bridge district in the Special Revenue Funds column in the financial section of the AFR.
- **FISCAL YEAR END:** Most funds have the same fiscal year end dates as the primary government. If a fund has a different fiscal year end date, please indicate.

B. Account Groups:

Technically, Account Groups are not funds. Simply explained, Account Groups is an accounting term used to present fixed assets or long-term debt. If your government has fixed assets or long-term debt, (that are not considered funds available for spending) this is the appropriate designation to indicate those accounts.

When applying accounting standards, Account Groups are defined as accounting entities used to establish control over and accountability for the government's general fixed assets and the unmatured principal of its general long-term debt, including special assessment debt for which the government is obligated in some manner. Account groups are dissimilar to funds in that they are not used to account for sources, uses, and balances of expendable available financial resources.



Question:

How can I tell the difference between an account and a fund?

Answer:

First, check if an ordinance or any other legally binding documents have been established to direct the use of specific funds collected. The Clerk should have a record of all ordinances passed. If you cannot locate any ordinances and any two of the following indicators are true, you likely have a restricted special fund:

- Levy for a specific program
- Transfer of funds from one account to another cannot be made without board approval
- An appropriation or budget ordinance that names a fund

STEP 10: Governmental Entities

Provide a list of all governmental entities and their relationship to the primary government. Typically, this question applies to municipalities and counties. Examples of governmental entities include Police Pension Funds and Hospitals. Review the *Chart of Accounts and Definitions* for more information regarding types of Governmental Entities.

STEP 11: Reporting

Indicate other agencies receiving financial reports from your unit of government. The Illinois Comptroller and the County Clerk have both been checked since it is mandatory to file a copy of the AFR with these offices.

ASSETS, LIABILITIES, AND EQUITY:

CODES 101 - 145

This section is used to record assets, liabilities, and equity for your unit of government. **DO NOT record revenue and expenditures here.** Report all future tangible or intangible economic benefits or liabilities on this section. Your government's equity, including fund balance and investments in general fixed assets, should also be reported here.

If you are using the SHORT FORM, you will only provide information about the government's cash, investments, and fund balances.

If you are using the LONG Form, you will need to provide additional information in regards to assets, liability, and equity.

Cash (Code 101) and Investments (Code 102): should reflect all the funds available to you at the end of the year. If you do not have any other assets, these two combined rows should equal your **Current Year Ending Balance (Code 310)**.

Fixed Assets (Code 111):

Fixed assets are always recorded in the "Account Groups" column and should NEVER be reported in the "General" or "Special Revenue" columns. This row should be used to record the value of any land or equipment that lasts longer than a year. If the asset was purchased with general, special revenue, capital project or debt service funds it cannot be depreciated. If you do not know the value of the asset when it was purchased, it is acceptable to estimate the cost at the time of purchase. If you do not know the value of your assets and cannot determine the original price, leave this field blank and provide a notation of this on the explanation page.

Amount available or to be provided for retirement and payment of long-term debt (Codes 113 and 114): should be used to record the entire amount of your debt. The **Amount Available for Retirement of Long-Term Debt (Code 113)** should be the amount being paid this year on your debt. The **Amount to be Provided for Payment of Long-Term Debt (Code 114)** should equal what is left to pay on your debt after payments in the current year. Both of these codes should equal the totals in **Debt Service Payable – Principle (Code 133)** and **Debt Service Payable – Interest (Code 134)**. If they are not, please provide an explanation.

TOTAL LIABILITY & EQUITY MUST EQUAL TOTAL ASSETS.
(CODE 145) = (CODE 120)



Question

Our government incurred debt for FY 2003, how do we record this under assets and liabilities?

Answer

If you have assets in **Amount to be Provided for Payment of Long-term Debt (Code 114)**, you should record your accumulated debt amount or total debt (principal & interest) that remains at the end of the fiscal year. The amount of debt you are paying during the current fiscal year should be recorded in **Amount Available for Retirement of Long-term Debt (Code 113)**.

Under liabilities, what your government owes in principal should be reported in **Debt Service Payable – Principal (Code 133)**. What your government owes in interest should be accounted for in **Debt Service Payable – Interest (Code 134)**.

Also, do not forget to complete the Statement of Indebtedness if you have debt.



Question

Our government has a six-month certificate of deposit (CD). Do we account for this money under Cash and Cash Equivalent or Investments?

Answer

Account for this money in **Investments (Code 102)** if it has been a CD for six months or more. However, if the CD's term is less than three months, it should be accounted for in **Cash and Cash Equivalent (Code 101)**.



Question

I have listed my 'compensated absences' amount on **Amount to be Provided for Payment of Long-term Debt (Code 114)**, in the Assets section. Where do I list this amount in the Liabilities section?

Answer

This amount can be listed in **Other Liabilities (Code 128)**. This will result in an error message saying that (Code 113) and (Code 114) should equal (Code 133) and (Code 134). In the explanation field, state that codes 113 and 114 do not equal due to "Compensated Absences" being recorded in **Other Liabilities (Code 128)**.

REVENUES/RECEIPTS: Codes 201 - 240

Revenue and receipts from all fund sources should be reported in the revenue section. The Revenue/Receipts section consists of three main categories:

- **Local Taxes (Codes 201-204)**
- **Intergovernmental Receipts & Grants (Codes 205 -226)**
- **Other Sources (Codes 231-237)**

LOCAL TAXES: CODES 201 – 204

Local Taxes reflect all revenue or receipts collected through the taxing process that your unit of local government has imposed.

Property Tax (Code 201): is the most common source of revenue for governments. Almost all governments “levy” property taxes. For smaller governments, property tax may be the only source of revenue collected.

Local Sales Tax (Codes 202): is used to record the sales tax that the local government specifically imposes over and above the state imposed sales tax. Approximately 80 municipalities and 12 counties impose this tax. **No townships have this tax.**

Utility Tax (Code 203): Municipalities and counties have the power to impose specific utility taxes. Townships do not have this power, but a township can own a utility and receive proprietary funds from a utility tax. This major account has several sub-accounts including Electric, Water, and Communications Utilities. Record other utility tax sources in **Other [Utility Tax] (Code 203d)**.

INTERGOVERNMENTAL RECEIPTS & GRANTS: CODES 211 – 226

Intergovernmental receipts are revenue sources from state, federal, and other local governments. This includes any grants obtained by other governmental agencies (federal, state and/or local).

State Income Tax (Code 211): is received by municipal and county governments. Townships do not receive any State Income Tax and should not record amounts in this Code. The Illinois Department of Revenue can verify the amount your local government received from the state.

State Sales Tax (Code 212): is received by all municipal and county governments. Townships do not receive any State Sales Tax and should not record funds in this Code. The Illinois Department of Revenue can verify the amount you receive from the state.

State Motor Fuel Tax (Code 213): is distributed from the state to municipalities, counties, townships, and road districts based on state statutes. Ninety-five percent of counties and municipalities collect Motor Fuel Tax from the state. Only 25% of townships collect Motor

Fuel Tax. Some townships incorrectly report Motor Fuel Tax revenue. If the monies are received from a municipality or county these funds should be regarded as revenue, received from other local governments and recorded in **Other Intergovernmental Sources (Code 226)**.

✓ **NOTE: State Motor Fuel Tax (Code 213)** differs from **Streets and Highways (Code 215d)**. The Streets and Highways category is to record all funds received from the state other than the Motor Fuel Tax funds distributed by formula.

Replacement Tax (Code 214): is provided from the state to any local government that collected personal property tax before 1970. Most governments receive Replacement Tax, sometimes called the Personal Property Replacement Tax, from the state. The Department of Revenue can verify this amount.

State Gaming Taxes (Code 205): is based on five different taxes the state collects and reimburses to local governments. The five taxes include: 1) Riverboat Gambling Taxes and Fees, 2) Racing Privilege Tax, 3) Bingo Tax and License Fees, 4) Charitable Games Tax and License Fees, and 5) Pull-Tab and Jar Games Tax and Fees. You can verify how much your government received from any of these taxing sources with the Department of Revenue.

Other State Sources (Codes 215): should include all revenue from the state that is not listed in other categories. This category should generally provide funds from state agencies for grants or capital programs. If you receive grants or funds from the Illinois FIRST Program, it should be included in this category. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

Federal Sources (Code 225): should include all funds your government received from the federal government. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

Other Intergovernmental Sources (Code 226): should include all revenue you receive from the other local governments. This category should include all funds received from intergovernmental agreements or funds received for cost-sharing programs. Many townships that receive Motor Fuel Tax funds from municipal or county governments should include those payments in this category. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

OTHER SOURCES: CODES 231-236

The Other Sources section covers local revenue derived by a method other than a tax.

Charges for Services (Code 234): should include all funds received from specific services your government provides. Public Utility income is usually listed in this section. See the *Chart of Account and Definitions* for a definition of sub-accounts.

Interest Income (Code 235): should be used to record all income received from interest.



Question

Our government receives all of its revenue from property taxes. To our knowledge, this is the only source of revenue our township receives. Are we reporting our revenue correctly?

Answer

Few governments receive all of its revenue from one taxing source. Multi-Township Taxing Assessment Districts are an exception. Most governments created before 1970 that levy a property tax also receive **State Replacement Tax (Code 214)**. If you do not know how much money you received from this taxing source, you can obtain that information from the Department of Revenue.



Question

Where should my government record local sales tax?

Answer

If your government passed an ordinance or referendum increasing your local sales tax rate over the state sales tax rate, you should record the local sales taxes raised from the ordinance or referendum in Local Sales Tax (Code 202).

Record all sales tax received from the state due to the revenue sharing formula provided in state statutes (1.5% of the 7.5% collected) under State Sales Tax (Code 212).



Question

How do I know which column to use to record revenue?

Answer

Only town or general fund should be recorded under the “General Fund” column. All funds are general funds unless an ordinance, resolution, statutes, or charter has designated the fund for a specific purpose.

Very small governments usually have one general fund. All townships that have road and bridge districts will have general funds and special revenue funds. The general fund for the Road and Bridge district should be recorded in the “Special Revenue” column.

See the *Chart of Accounts and Definition* for a definition of funds.

Disbursements/Expenditures & Expenses:

Codes 251 - 270

Total expenditures should not be greater than your Total Appropriations (primary government's appropriation + any component unit appropriations) listed on steps 5 and 6.

Record expenditures by function or program. Closely review the *Chart of Accounts and Definitions* and *How To Fill Out The FY 2003 Annual Financial Report (AFR) and Frequently Asked Questions* before recording expenditures.

All the accounts that require detailed reporting have a lowercase letter after the Code number (e.g. Code 251a). These expenditures should be reported in the sub-account rows instead of the major account rows.

The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

General Government (Code 251): Record the expenditures and expenses of all administrative functions. If your government provides no other services except basic administrative functions, it is acceptable to record all expenditures in this code. However, if your government provides any services, it is prudent to record expenditures under the specific program that it provides.

Transportation and Public Works (Code 255): Record all costs related to transportation including streets, highways, parking facilities and airports.

Social Services (Code 256): Record all costs related to Social Services such as welfare (general assistance), health programs, administration of hospitals, and administration of cemeteries.

Housing (Code 258): Record all expenditures related specifically to housing.

Environment (Code 275): Record all expenditures as they relate to the environment including sewer and solid waste management.

Debt (Code 259): Record any payments toward the retirement of your government's debt.

If you record any funds under **Debt (Code 259)** you must also complete the "Statement of Indebtedness" section.

Public Utility Company (Code 271): Record all costs related to owning and operating a public utility company including services for sewer, water, gas, and mass transit. Do not include utility bills the government pays for utility services. Those services are generally recorded in **General Government (Code 251)**.

Depreciation (Code 272): Depreciation can only be recorded for enterprise fund types. Capital projects that were purchased with Governmental Fund Type monies cannot be depreciated.

Capital Outlay (Code 280): Record all costs associated with new construction and/or the cost to purchase land, structures, and equipment. If capital costs are built into other programs do not duplicate the cost here (e.g., if your government is upgrading a jail, that cost could be recorded under Public Safety OR in Capital Outlay).



Question

How do I know which fund to record expenditures or expenses under?

Answer

All general funds or town funds should be recorded under general funds. All funds are general funds unless an ordinance, resolution, statute, or charter has designated the fund for a specific purpose. See the *Chart of Accounts and Definitions* for definition of funds.

Very small governments usually have only a general fund. **All townships that have road and bridge districts will have “General Funds” and “Special Funds”.** Record the general fund for the road and bridge district under the “Special Revenue” column.

Review the definition of fund on the *Chart of Account and Definitions* for more information about fund types.

FUND BALANCE: Codes 301 – 310

The fund balance section indicates all financial transactions and the **Current Year Ending Fund Balance (Code 310)**.

Excess of receipts/revenue over (under) expenditures (Code 301): is a simple calculation of **Total Receipts and Revenues (Code 240)** minus **Total Expenditures/Expense (Code 270)**. This should be a positive number. If the number is negative, it could be a sign of fiscal stress and should be explained on the explanation page.

Operating transfers in (Code 302) & operating transfers out (Code 303): should indicate any amounts transferred from one to another in the current fiscal year. The total of these two rows should be equal. If the total sums are not equal, you should provide an explanation for the inequitable transfers.

Bond Proceeds (Code 304): is used to record income from the sale of bonds. Bonds are not considered revenue and must be included as a change to the fund balance instead of a revenue source.

Other (Code 305): is to record all fund balance changes. Include taxes, interest expense and other income expenses included in the Enterprise, Internal Services and Fiduciary fund types.

Previous Year Fund Balance (Code 307): is the amount of funds you started with at the beginning of the fiscal year. It should correspond to the **Current Year Ending Fund Balance (Code 310)** on your FY 2002 AFR. If you have a different beginning fund balance than reported in your previous year AFR in (Code 310) please provide an explanation.

Current Year Ending Fund Balance (Code 310): should equal the amount of funds with which you are concluding the fiscal year. If your unit of government reports a negative number in (Code 310), this indicates extreme fiscal stress. This means your government is in a “deficit position” and a thorough assessment of all operational activities should be undertaken. You must provide an explanation as to why your government ended the current fiscal year in a deficit, detailing any and all indicators contributing to such a situation.

STATEMENT OF INDEBTEDNESS:

Codes 400 - 423

The Statement of Indebtedness section summarizes debt activity during the current fiscal year. If you have debt listed in the “Assets, Liabilities, and Equity” sections or the Disbursements/Expenditures section, you should complete out this section.

General Obligation Bonds and Revenue Bonds both have sub-accounts that indicate what type of program or activity bonds were issued.

All the accounts that require detailed reporting have a lowercase letter after the code number (e.g. Code 400a). Report the debt figures in the sub-accounts instead of the major account rows.

The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

Outstanding Beginning of Year (Codes 400 – 405): column reflects the debt your government had at the end of FY 2002. The amount shown on the AFR is the amount from (Code 418) through (Code 423) on FY 2001’s AFR. If it is different from the amount you wish to show, please cross it out and write in the correct amount. Provide an explanation in the explanation section.

Issued Current Fiscal Year (Code 406 – 411): column should indicate the amount of debt “issued” or taken out during the reporting fiscal year.

Retired Current Fiscal Year (Codes 412 – 417): column is the amount of debt “retired” or paid off by your government during the reporting fiscal year.

Outstanding End of Year (Codes 418 – 423): column should indicate the total debt owed at the end of the reporting period. If your government has assets it should also correspond with (Code 114), (Code 133), and (Code 134) for “Assets, Liabilities, & Equity”.

Remember that Codes on the “Statement of Indebtedness” section are added by ROW and by COLUMN.

CAPITAL OUTLAY: CODES 601 - 617

If you do not have any capital expenditures or expenses, this section is not applicable to your government.

The Comptroller's Office considers this section optional. The Comptroller's Office has included this section at the request of the U.S. Census Bureau. If you complete this section, as well as the rest of your AFR, you will not have to complete the six section, legal paper size "Survey of Government Finances" from the U.S. Census Bureau. If you do not complete this section, the Census Bureau will require further information from your government.

The structure of this section is different from the rest of the financial report. This section is intended to measure capital project expenditures regardless of fund. Each row represents a program or function. The columns represent objects or types of spending instead of funds. There are no distinctions of spending by fund.

Your government should record the cost of construction and the cost to purchase land, structures, and equipment under the programs listed in each row, regardless of fund type spent. (See the *Chart of Accounts and Definitions* for further definitions).

Final Quick Check

Complete the following transactions before you submit your FY 2003 AFR:

- The local government official must sign and date the AFR on the top of the first page.
- Indicate the appropriation or budget figure for your primary government and if applicable for its component units.
- **Mail a copy of your audit with the AFR.** Townships should file an audit, if either the primary government or its Road & Bridge component unit has total revenue exceeding \$850,000. Counties with a population over 10,000 but less than 500,000 must submit an audit. Municipalities with a population over 800, that own a utility, or have incurred outstanding debt, must also submit an audit.
- If your government had an **Ending Fund Balance (Code 310)** in FY 2002, that amount must be transferred to the **Beginning Fund Balance (Code 307)** for FY 2003.
- If your government had an **Outstanding End of Year Debt Balance (Code 423)** for FY 2002, that amount must be transferred to **Outstanding Beginning of Year Debt Balance (Code 405)** for FY 2003.
- Use parenthesis () when recording **negative** numbers in Codes that do not already provide parenthesis.
- Use an audit (if applicable) to fill out the AFR. In addition, most auditing firms are familiar with the AFR and could either assist or complete the AFR with the appropriate cross walks from audit to AFR.